

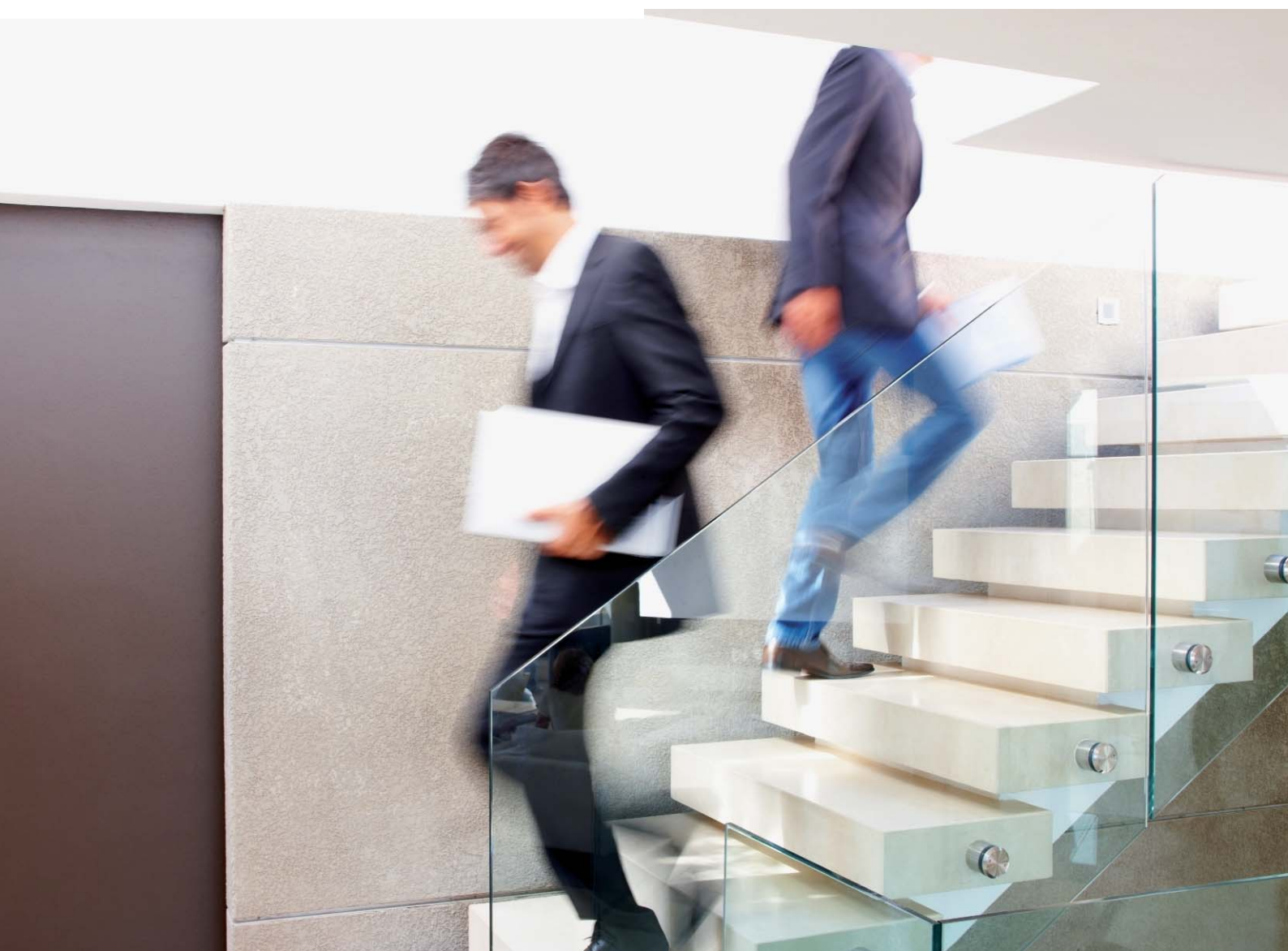


ESRC

ESRC Seminar Series

Mapping the public policy landscape

Well-being and working life:
towards an evidence-based policy agenda



Foreword



In *Working for a Healthier Tomorrow*, Dame Carol Black, the Government's national director for health and work, is unequivocal in her message that promoting the health and well-being of employees is not only a good thing in itself, but also boosts the performance of the organisations in which they work.

That many employers fail to grasp this is held to be due to lack of information.

As Professor Keith Whitfield of Cardiff University explains later in these pages, the UK Government, in a quick and positive response to the 'Black Review', has announced a series of proposals aimed at improving working-age health and well-being, including a national centre dedicated to this increasingly important area of public policy.

Meanwhile, building on an earlier joint project, the Economic and Social Research Council (ESRC) and Health and Safety Executive (HSE) have embarked on a new series of collaborations – *Well-being and Working Life* – aimed at closing the 'information gap'. This booklet is part of that process, summarising a report edited by Professor Whitfield, of presentations by leading academics at a special seminar held in 2009. All made it clear that substantial and carefully-developed investigation will be needed over a considerable period of time.

Already, the Government, ESRC and the Medical Research Council have announced a joint investment to examine the complex topic of subjective well-being, while the HSE aims to produce better and more consistent estimates of the costs of work-related injury and new cases of ill health.

In addition, in one of the biggest ever studies of its kind, experts at Nottingham Trent University, the Health and Safety Laboratory and the Universities of Sheffield, Loughborough, and Tilburg in the Netherlands are to spend more than two years with 40 companies to analyse and understand the issues at first hand.

Well-being and Working Life – towards an evidence-based policy agenda is part of the ESRC's Public Policy Seminar Series, in which we present independent research in key policy areas to potential users in Government, politics, the media, and the private and voluntary sectors.

We see such activities as an opportunity to establish further dialogue with the users of our research, and we welcome any subsequent contact.

A handwritten signature in black ink, which appears to read 'Ian Diamond'. The signature is fluid and stylized, with a large loop at the end.

Professor Ian Diamond FBA FRSE AcSS
Chief Executive, Economic and Social Research Council



Well-being and working life: towards an evidence-based policy agenda

The researchers

DR ANDREW BROWN is Senior Lecturer in Economics at the Centre for Employment Relations Innovation and Change, Leeds University Business School. His research interests include job quality, political economy and the application of realist methodology in economics and the social sciences.

PROFESSOR BERNARD CASEY, Principal Research Fellow at Warwick Institute for Employment Research, has worked on employment and pension policies for much of his career. On the staff of the Wissenschaftszentrum Berlin in the 1980s, he has also been a senior economist at the OECD. His research has been concerned with age and work, transitions to retirement, employment-related social security and long-term care of the frail elderly, higher education and non-standard working patterns.

DR ANDY CHARLWOOD, Senior Lecturer in Human Resource Management at the University of York, has a PhD from the London School of Economics and has held lecturing posts at the Universities of Kent, Leeds and Warwick. His primary research interest is the causes and consequences of union decline and experience of work in the UK.

DR CHRIS FORDE is Senior Lecturer in Industrial Relations at the Centre for Employment Relations Innovation and Change, Leeds University Business School. His research interests centre on the changing nature of work, economic restructuring and job quality. He has examined the nature of temporary employment; social and economic experiences of migrants, asylum seekers and refugees; economic restructuring in the steel industry; and changing job quality in Britain.

PROFESSOR FRANCIS GREEN is an economist at the University of Kent. After graduating in physics at the University of Oxford, he studied economics at the London School of Economics, before writing his PhD thesis at Birkbeck College. His research focuses on labour economics, with special interests in skills, training, work quality and employment relations. He provides consultancy advice for government departments, the European Commission and the OECD.

DR GETINET HAILE is a Senior Research Fellow at the Policy Studies Institute, University of Westminster, whose main research interests are applied labour economics, programme evaluation, labour market mobility and development economics. His work includes large-scale projects for the Department for Work and Pensions on Incapacity Benefit reform and labour market transition of older workers, and an ESRC-funded project on whether there is a link between workplace diversity and employee well-being.

MS ELAINE HEAVER is a doctoral student in the School for Health at the University of Bath, where she is conducting research into the regulation of sick notes between GPs and chronic pain patients.

DR DAVID A. SPENCER, Senior Lecturer in Economics at the Centre for Employment Relations Innovation and Change, Leeds University Business School, is interested in the study of work within economics and the other social sciences, as well as researching on job quality. He is author of *The Political Economy of Work*.

DR DAVID WAINWRIGHT, Senior Lecturer at the School for Health at the University of Bath, convenes the Work, Health and Well-being Research Group there. Co-author, with Michael Calnan, of *Work Stress: the making of a Modern Epidemic*, he has published widely in the field of psycho-social influences on illness behaviour, focusing particularly on work stress and non-specific musculoskeletal pain. He was previously at the University of Kent.

DR ANDY WEYMAN is Senior Lecturer at the Department of Psychology, University of Bath. His specialist areas include: workplace health and safety culture and climate; risk assessment and management in work organisations; risk perception and decision-making – particularly social and cultural influences; and public perception of risk, stakeholder engagement and communication. Previously, he was Principal Social researcher with HSE, and Head of the Social and Organisational Factors Unit at the Health and Safety Laboratory.

PROFESSOR KEITH WHITFIELD is Professor of Human Resource Management and Economics at Cardiff Business School, and Director of Cardiff University's Research and Graduate School in the Social Sciences. His research focuses on the impact of human resource policies and practices on a range of organisational and employee outcomes. ESRC's Senior Academic Consultant for the fifth British Workplace Employment Relations Survey (WERS), he was principal investigator on a project using all five WIRS/WERS surveys to chart workplace change between 1980 and 2004 published as *The Evolution of the Modern Workplace* by Cambridge University Press.





Executive Summary

Introduction

Independent submissions and evidence produced by PricewaterhouseCoopers (PwC) for Dame Carol Black's review indicate that, in many cases, the costs of well-being programmes for workers can be translated into benefits for the organisations for which they work. These are mainly cost savings rather than increased income or revenue, with a positive impact on sickness absence, staff turnover and productivity. In some cases, these can follow through to financial rewards for the employer.

This seminar considers the research base underpinning this area and the research-related issues that will need to be addressed to develop effective policy interventions therein.

Key Issues and Implications

- Intensity of work and stress are the major problems facing British employees. After a long period of decline, job insecurity is now likely to emerge as a growing issue.
- There are big differences between groups of workers and places of employment. Those in large organisations are, on average, worst off.
- If workers' 'norms and expectations' are not taken into account, high levels of job satisfaction can be mistaken for high well-being rather than low expectations.
- Estimates of the costs of sickness absence range from 10 per cent of gross domestic product (GDP) to less than 0.1 per cent.
- Older workers and those with debilitating conditions have a lower quality of working life than others. Black suggests that this should be addressed directly, but there is currently little research evidence, particularly on the 'business case' for employers.
- Social disadvantage can have an adverse influence on some aspects of well-being, and existing rules and safeguards on equality do not help. Measures to improve this situation are vital given considerable changes in the make-up of the workforce in recent years.

Main suggestions

- 1 The business case for promoting well-being is far from proven. And it could well be more than a lack of convincing information which prevents employers investing more in it.
- 2 Research to date has been hampered by a lack of facts and statistics – particularly survey data gathered over a prolonged period. Until that is available, carefully designed and undertaken case study research can make a contribution.
- 3 Interpreting information on well-being is far from straightforward. We need to understand 'the norms and expectations' of those being surveyed, and the psycho-social factors affecting behaviour.
- 4 We need a multi-method approach to research, as relying on just one method cannot possibly produce the evidence required for effective policy decisions in such a complex area.

Towards the new Black

Professor Keith Whitfield

Dame Carol Black's review recommends that workplaces should positively promote the health and well-being of employees. This is not just because that is, in itself, a good thing. It is also likely to:

- reduce sickness absence, staff turnover, accidents and injuries, and allocation of resources;
- increase employee satisfaction, the company profile, and productivity; and
- affect the *bottom line*, meaning better financial performance, higher share price, and meeting targets.

The review suggests that the most common barrier to such investment in the workforce is lack of information. It proposes that governments should underwrite the development of a business-led information and practical advice service, aimed especially at smaller organisations. It encourages employers to think beyond the health aspects of well-being – particularly about how to reduce stress when designing jobs and developing management arrangements.

Employees are seen to have worse health if:

- they feel insecure;
- their work is monotonous and repetitive;
- they have little autonomy, control and discretion over tasks;
- there is an imbalance between effort and reward;
- there are few supportive social networks, and
- working procedures are unfair.

The public sector is encouraged to lead the way in organising jobs and management in ways which encourage well-being.

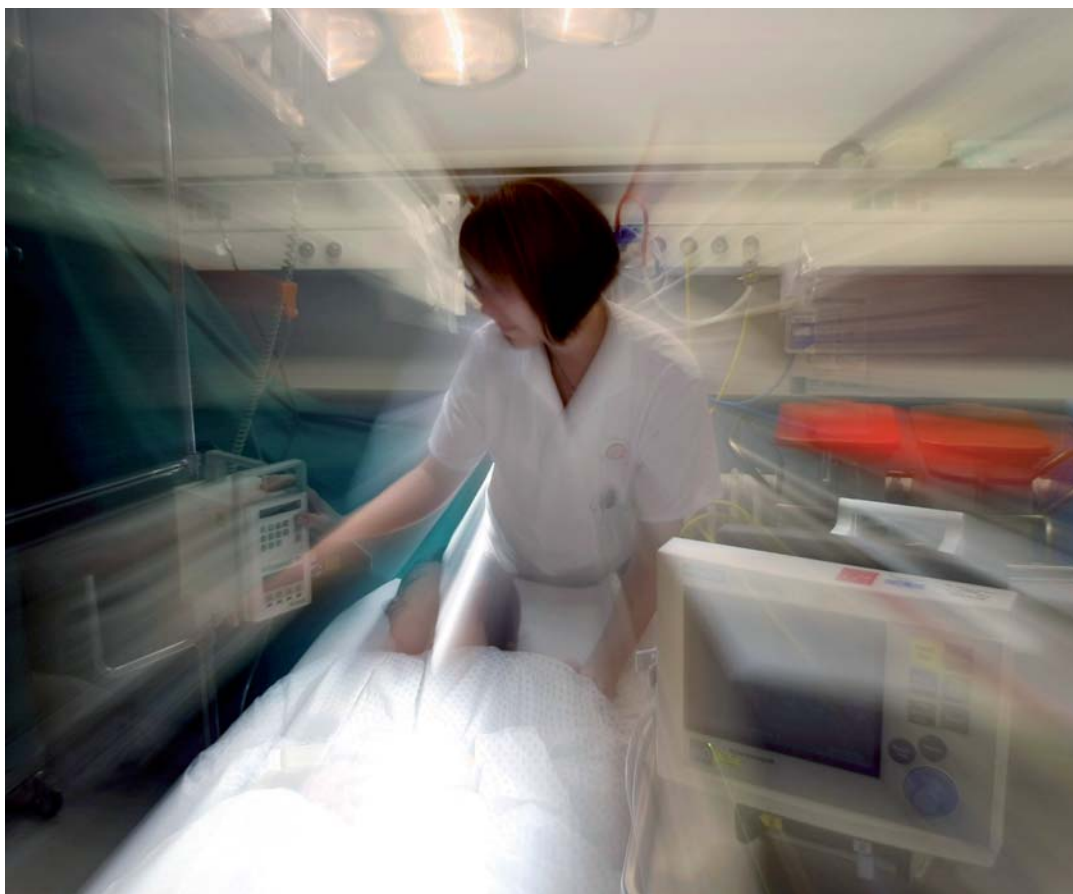
This extremely strong policy position is based, among other things, on evidence collected by PwC in a review of existing research; and 55 UK-based case studies from the Health Work and Wellbeing Executive.

Case study findings suggested that 45 of the organisations running well-being programmes had less sickness absence, 18 saw falls in staff turnover; and 16 had fewer accidents and injuries. Seven reported returns on their investment – some substantial, and none negative.

Benefits were seen in a range of organisations, across different sectors and size of firm, and for various interventions. Their extent varied significantly, not only by organisation and intervention, but in how measures were implemented.

The UK Government's response has been very positive. Proposals include:

- A promise to develop a new electronic 'fit note', concentrating on what people can do rather than what they cannot, to replace medical certificates.
- A Business HealthCheck device for businesses to estimate the costs of sickness absence, turnover, ill-health and injury; identify savings from investing in health and well-being; and help measure return on investment.
- A programme to improve GPs' knowledge, skills and confidence when dealing with health and work issues.
- Health, work and well-being coordinators to stimulate action in their areas, and engage with smaller businesses.
- A national centre for working-age health and well-being. It will gather and analyse data so that trends can be identified and monitored, help determine the impact of interventions and initiatives, and find gaps in evidence, and encourage research to close them.



Money isn't everything

Professor Francis Green and Professor Keith Whitfield

There is substantial evidence that, in recent years, non-material aspects of work may not have improved in line with financial rewards. Some may have become worse – particularly work intensity and job-related stress.

Until quite recently, perception of *job insecurity* was decreasing, albeit more slowly than the change shown in official statistics. The current financial crisis will no doubt reverse this.

Noticeably, the risk of losing jobs has shifted from blue- to white-collar workers. Professionals were the most secure in 1986, but least so in 1997 – and are experiencing much of the job loss just now.

Work-based accidents have decreased in recent years, with the rate of fatal injuries down by two-thirds between 1981 and the start of the present decade. This is due partly to the decline in manufacturing, but there have been big falls in injury rates *within* each industry.

Job-related stress is the main area of health and safety with no consistent picture of improvement. Surveys of self-reported stress indicate that it became worse through the 1990s; though with no clear trend since 2000. In 2006-7, 13.5 million working days were reported lost to stress, depression or anxiety – about 0.60 per worker year.

Studies show that until the late 1970s, Britain's workplaces steadily reduced working hours, followed by a small rise until the mid-1990s. Two-adult homes added six hours to their joint weekly work-load between 1981 and 1998.

Work intensity also increased. New technologies and ways of operating closed gaps in the working day. Surveys show growing proportions of workers perceiving that their job 'requires (them) to work very hard'. Responses show marked increases, on average, between 1992 and 1997; and there are strong reasons to suspect that this began during the 1980s. After 1997, the average effort of British employees has seemingly remained on its already-high plane.

Working hours also peaked in the mid-1990s, at 33.5 per week (39.3 for full-timers), tracking downwards to around 32 (37.3) in 2004. Between 1997 and 2003, the proportion working more than 45 hours fell by nearly eight per cent.

Skills requirements

Requirements for computer skills have risen steadily since the mid-1980s. The need for other forms of expertise has also increased. Educational achievement levels have gone up rapidly, including growing numbers of graduates.

Meanwhile, surveys indicate that the ability of individuals to take decisions in their job fell steadily between 1992 and 2001. Perceived choice over tasks appears to have declined since at least 1986. This was most marked among professional workers and women in part-time jobs, and least for managers.

It is possible to trace a rise in average *work strain* between 1992 and 2001. However, comprehensive measures of worker well-being are not available on a consistent, population-wide basis over time.





Gender differences

Studies generally find women to have higher job satisfaction than men, but that working women perceive more stress and intensity. Research in 2007 considers men generally experience greater insecurity. Men, despite a continuing and significant gender gap, are much more dissatisfied with their pay than women. This is possibly because they have higher expectations.

What we *do* find is that people who work *long hours* are less likely to feel insecure, to be dissatisfied about achievement from their job, or their influence over it. But they are more prone to stress and high intensity. It may be, of course, that some choose to work long hours precisely *because* they are satisfied with their job.

Similarly, the link between experience of work and the *life-cycle* is not simple. Younger workers tend to feel less insecurity and stress, but are more likely to sense lack of influence.

Workers with degrees are more likely to feel insecure and experience greater intensity, but less prone to sensing lack of influence. They are also less likely to be dissatisfied with pay.

Workers in *larger organisations* report more insecurity, stress, intensity, lack of influence and dissatisfaction than those in small and medium-sized ones. But remember that they also tend to be paid more for otherwise similar jobs. Possibly this, in part, compensates.

Employees in workplaces with recognised unions are more likely to state that they have no time to get their work done, to express lack of influence over their pace of work, and to be dissatisfied about various aspects of their jobs.

High performance systems

There are competing views of the impact of so-called 'high performance' work systems, involving the high commitment and involvement of employees. The more positive suggests that they lead to greater discretion, improved job security and enhanced satisfaction. Alternatively, there is some evidence of increased job intensity and less security where such systems are in place.

'Quality circles', where staff identify, analyse and solve problems, tend to produce less negative work experiences. The reverse is true where 'briefing committees' operate.

A 2001 study found strong negative employee feelings with regard to influence when there was team responsibility for a product or service. By contrast, there were very positive ones when the members chose their leader.

Are workers *really* that content?

**Dr Andrew Brown, Dr David Spencer,
Dr Chris Forde and Dr Andy Charlwood**

The Workplace Employment Relations Surveys of 1998 and 2004 paint an apparently positive picture for job satisfaction. Raw figures suggest that most British workers are 'satisfied' or 'very satisfied' with their jobs. They also reveal some improvement in satisfaction. But it could be that a majority of those workers are in fact *dissatisfied*.

The tables below show survey evidence that workers in low-paid jobs exhibit a high level of satisfaction, possibly suggesting that the jobs are of a high quality. But reflection on the data could lead to very different conclusions.

Figure 1: Satisfaction with sense of achievement, 1998



Source: WERS, 1998.

Figure 2: Satisfaction with sense of achievement, 2004



Source: WERS, 2004.

Figure 3: Climate of employment relations, 1998



Source: WERS, 1998.

Figure 4: Climate of employment relations, 2004



Source: WERS, 2004.

Figure 5: Satisfaction with work, 1998



Source: British Household Panel Survey (BHPS), 1998.



Figure 6: Satisfaction with work, 2004



Source: BHPS, 2004.

Academics have two broad, opposing approaches to job satisfaction – the subjective and the objective.

The simple, *subjective* view would be that low norms and expectations have *caused* genuinely high job satisfaction amongst the low-paid. This implies that EU and UK policy to promote high pay, high skill work is not how to boost well-being among Britain's workers.

An *objective* interpretation would be that low norms and expectations among the low-paid *conceal* dissatisfaction. The high satisfaction they report may indicate 'satisficing' – or making the best of a bad job – rather than showing that their needs are truly satisfied. This line of argument suggests the need for further probing, through in-depth interviews.

Studies based on interviews of low-paid women workers in recent years reveal dissatisfaction with their jobs. These women are doing the best they can in circumstances that are very adverse, and over which they have little or no control. Those who continue to express satisfaction do not make unrealistic comparisons with higher paid jobs.

Similar findings come from studies of other groups of workers where low pay is concentrated, with in-depth interviews and focus groups used to gain greater insights. A recurrent theme with low-paid migrants, temporary agency staff and home-workers is that their objective job quality is low in terms of contractual status, pay and conditions of employment.

As the tables show, those towards the centre could be argued to have relatively high norms and expectations which are not met by the actual conditions of their job. We can conclude that only for the very high-paid is work truly satisfying.

Thoughts for policymakers

If simple, subjective accounts of well-being are to be believed, action is not urgent. Any there is, should focus on raising numbers of low-paid jobs.

By contrast, the objective interpretation suggests an urgent and pressing case for policies to raise job quality – not least amongst the low-paid. Low norms, expectations and aspirations amongst the low-paid could lead to them becoming disengaged from society. But policies to raise aspirations, through education, are likely to *lower* reported satisfaction, rather than *raise* it, unless matched with better job opportunities.

Recent research contradicts the view that higher aspirations among workers will itself push employers to improve job quality, and so enhance true well-being. It makes clear that the low-paid generally have little influence on employers. This suggests that, alongside higher aspirations, the Government should target improved objective job quality. It should try to influence employers, for example, through better enforcement of the employment rights of the low-paid.

Studies of job quality require a mix of methods, including in-depth interviews and focus groups. There is urgent need for research focusing especially on norms, expectations, aspirations and job satisfaction. Along with substantiating the theories outlined here, such research could help us develop survey questions which would distinguish between 'satisficing' and true satisfaction. It would allow more accurate estimates of the benefits of improving job quality.



What is the *true* cost of stress?

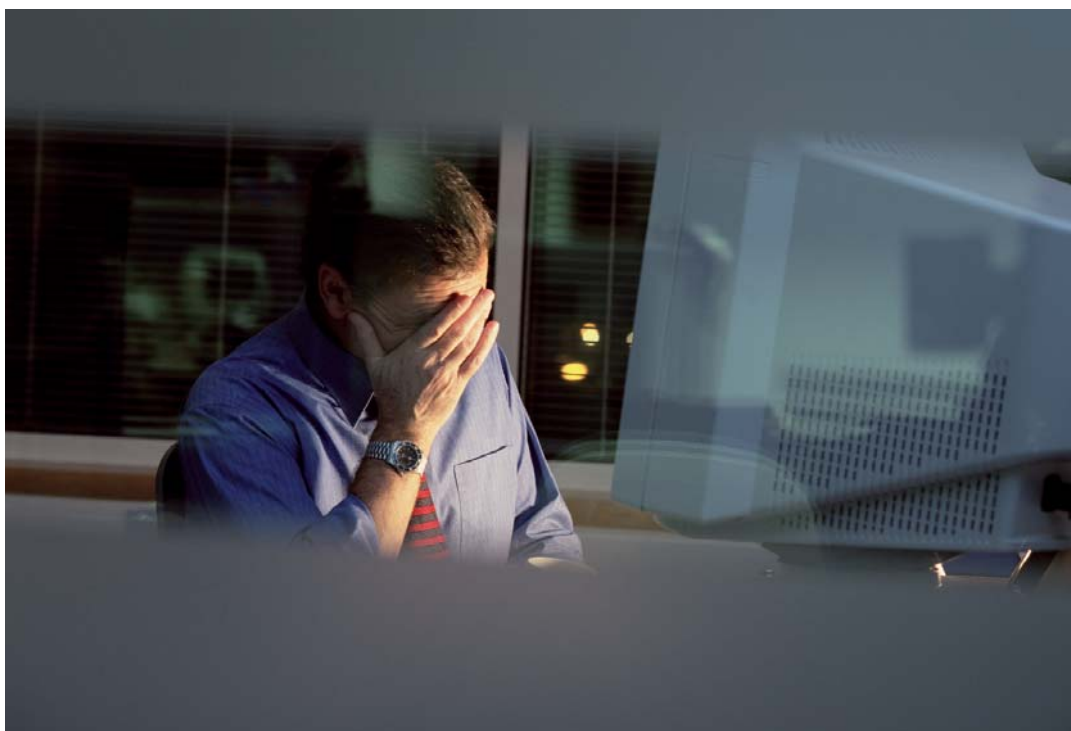
Professor Bernard Casey

The costs to the economy of work-related stress are poorly understood. Estimates range from as much as £100bn to as little as £0.5bn per year. In terms of GDP, that is as much as 10 per cent and as little as under one twentieth of one per cent. Such widely differing estimates make it very difficult to assess the usefulness of initiatives to improve mental well-being at work, and reduce work-generated mental illness.

A 1996 study for the European Commission estimated the costs of work-related stress at 10 per cent of GDP. This was presented as inclusive – covering not just costs of lost production and disruption, but of benefits paid to people who were absent, and of providing treatment. The estimate gained currency, and has been repeated since. A figure of £100bn was also quoted – reflecting current national output.

To estimate output loss due to work-related stress, we must try to unpack such global figures. Sick pay and disability benefits are not included in 'costs to society', as they are mere 'transfer payments'. Health service and benefit costs are not direct expenses for business, even if ultimately financed by taxation, with implications for national output. Costs to the economy are those of lost production from lower productivity or absence of those suffering stress, and any knock-on effects their performance has on those they work with.

HSE talks of costs to individuals, employers and society of work-related illnesses and injuries. Costs of lost output are a sub-category of those to society, along with, for instance, those for medical treatment, and of 'grief, pain and suffering' for individuals.



HSE has put the cost to society of work-related stress at about £3.7bn – a figure repeated, without updates, several times. Its economic analysis unit calculated a 'total output loss' of all work-related illness in the early years of this decade as £7-10bn, based on the value of the wages of those affected. This included output lost both through temporary absences and people having to quit work completely. With 40 per cent of days lost through work-related illness down to stress, we can calculate its share as about £3.5bn.

Nonetheless, in 2002, HSE referred to 'revenue lost to industry' from work-related stress as £6.7bn per year. Other HSE statements give much lower estimates. For 2005/6, work-related stress, depression and anxiety 'cost Great Britain' merely 'in excess of £530 million' – one-seventh of the more often claimed £3.7bn. In 2004, the economic analysis unit estimated total 'costs to employers' of all work-related illnesses as £1.5bn per year; including sick pay and recruitment of replacements. Again allocating 40 per cent to stress gives a cost of £0.6bn.

Figure 7: Production-related cost of work-related stress

	Costs (bn)	GDP	% of GDP	Description
c2002	£3.7-3.8	£1,054	0.35%	HSE estimates of 'costs to society'
c2002	£6.70	£1,054	0.62%	HSE estimates of 'revenue lost to industry'
c2004	£0.53	£1,228	0.04%	HSE estimates of 'costs to Great Britain'
c2004	£3.31	£1,228	0.25%	Own estimate based on 'days lost' in year

Source: own calculations; GDP for UK from table A2 BKTL adjusted downward by two per cent to take account of Northern Ireland; other sources referenced in text.

Costs of work-related illness often appear with estimates of days lost. These can be drawn from the Labour Force Survey (LFS) – a quarterly sample taken by the Office for National Statistics.

In the early 2000s, HSE calculated that stress-specific illnesses resulted in 13m days of absence – about half-a-day per member of the workforce. With OECD statistics showing that the workforce was putting in 5.7bn full-time equivalent days, we can calculate a loss of just under 0.25 per cent of total output. This is considerably higher than the cost to employers. It is lower than the cost of output loss sometimes quoted, because it takes no account of those quitting for good.



Comparisons

In recent years, 'days lost through strikes' have been relatively low, although rising to just over one million in 2007. In the 1990s, the average was only 660,000 days per year; whereas, in the 1970s, it was 12.9m.

Current levels of absence through work-related stress – 13.5m days – are rather higher:

In England alone, 15.5-16m working days are reckoned to have been lost through obesity and related illnesses in 2002, with lost earnings, of £1.3-1.45bn. This estimate was acknowledged as conservative, since it covered only certifiable absence.

Smoking-related illness is reputed to cost 34m days lost in England and Wales, and alcohol abuse, 14m.

'Presenteeism'

Some research argues that another cause of lost output is 'presenteeism'. The ill continue to work, but at below full efficiency. This might have a knock-on effect in reducing the productivity of fellow workers.

Given the stigma of mental illness, presenteeism might be more common amongst those suffering stress than other work-induced conditions. A 2007 study into the impact of mental illness on output in the UK suggested that the loss associated with presenteeism might be some 1.8 times that due to absenteeism. If this applied to work-related stress, costs of about 0.45 per cent of GDP could be added to the 0.25 per cent from absence.

In an economy with reserves of labour, the poor performance of any individual can be compensated for by replacing them. On the other hand, it can be argued that productive capacity is determined by the 'human capital' available. If so, we cannot forget that people may return to work below full potential, or quit altogether. The conclusion is that losses discussed so far are under-estimates.

HSE attempts at estimating the cost of people not working through all types of work-related illness, put output loss in 1995/96 from those temporarily absent at £1.95bn. For people who never returned, the figure was £0.24bn. Non-returners, however, were assumed not to produce for a further 11 years. The discounted value of the loss for those extra years was up to £4.72bn, resulting in a total close to £5bn.

Loss of output from all days lost in a year, whether or not someone worked again, was only a third of the total. If the behaviour of people with stress is assumed to be the same as for those with any work-related illness, total output loss based on 'days lost' might be up to three times that shown in Figure 7 – or 0.75 per cent of GDP. When the short-term costs of presenteeism are added, total loss due to work-related stress rises to some 1.25 per cent of GDP.

What needs doing?

It would help if an agreed measure of cost was developed and widely circulated. The most relevant seems to be output loss. Here, costs might be between a quarter and three quarters of one per cent of GDP. Within this range, the difference is attributable, at least partly, to whether we consider long- as well as short-term loss.

Most recent HSE attempts to cost illness and injury figures are at least four years old, are rough, and make no attempt to separate out different types of illness. Nevertheless, it appears that in the mid-1990s, stress was responsible for about 30 per cent of days lost in a year from work-related illness. By the middle of the current decade, it was responsible for some 40 per cent.

Databases such as the Department of Health's annual Health Survey for England have as yet paid little attention to work-generated mental health conditions.

There is scope to complement analysis based on LFS data with an examination of information from elsewhere. Administrative data has been used to look at days of certified sickness linked to obesity. Similar analysis might be possible on work-related stress. Data on inflows into and out of invalidity benefits could help, giving insights into people's age when starting long-term absence, and how long it lasts. This would require access to information collected, but not yet published.

Studies following individuals with work-related stress over time barely exist, so we cannot tell whether any one spell of suffering has long-term consequence.

The LFS seems likely to remain an important source of information. Analysis will require pooling of data to look beyond big, global estimates. It may then be possible to provide breakdowns of where losses arise, by industry and occupation.



Can a better working life *really* cut sickness absence costs?

Dr David Wainwright and Ms Elaine Heaver

Most people spend a lot of time at work – so improve the quality of their working life, it is argued, and they will be happier and more productive. They will also take up fewer welfare and healthcare resources and perform more effectively all round.

The logic is seductive, but proving it is more complicated. Benefits can be hard to quantify. And they may be too far removed from the workplace to mean much to the managers and employers who can introduce changes needed to achieve them. That said, statistics for 'reduction in rates of sickness absence' are a good yardstick for the many benefits that might come. Data are routinely collected, and differences can be analysed over time and between workplaces. Most important, costs are immediate and transparent, providing a strong incentive for employers to act.

The costs of sickness absence are high, particularly when it leads to long-term incapacity benefit. Black tells us that 175 million workdays were lost to illness in 2006, with costs to the patient, the employer and public purse, as well as indirect ones such as deprivation, poor health and child poverty. It is estimated that sickness absence costs UK employers £13bn annually. Additional costs to the NHS of £5-11bn and a benefits bill of £29bn brings the taxpayer's share to £62-76bn, and the total for the economy to more than £100bn.

Unfortunately, there is little reliable evidence as to how much is avoidable. A report in 2007 calculated savings to the exchequer of reducing long-term incapacity benefit at £62,000 per case. Potential gross savings were put at £225m. Estimates are inevitably speculative. However, there is evidence of wide variations in sickness absence. So if we can overcome some difficulties with the statistics, maybe we could estimate savings to be made if all organisations matched the rates of the best.

But while insights into overall potential savings may be valuable for the Government, the business case also needs to be made to employers. As well as facts on the economic and social benefits, they need to understand the nature of the problem.

The medical condition may make absence inevitable, whatever the patient's wishes. In other cases it is less severe, or even undetectable, and absence comes about through a process involving the patient, the doctor and the employer. Recognising this opens up the possibility that moves to promote well-being by improving the quality of working life may reduce absence.

Experts give us two plausible theories on the relationship between quality of working life and sickness absence.

- **Realist:** This predicts that moves such as reducing workload or re-designing jobs to give greater control will have a direct impact on health, and so cut absence.
- **Constructivist:** According to this, how people feel, individually or as a group, about their working conditions, and make sense of their experiences, will influence commitment and, in turn, sickness absence.

It has been argued that giving employees a voice and sharing information, along with opportunities for training and development, improves how they feel about their work, and may reduce absence.



Gaps in the evidence

There is extensive research into quality of working life and its implications for health, but much less on its impact on sickness absence. Available studies tend to take the realist rather than constructivist view. Though their methodology is generally thought weak, they show that interventions based on the realist approach can have at least some effect on absence. Clearly, more investigation of this kind is needed.

Here we will focus on questions arising from the largely neglected constructivist viewpoint.

To start with, more research is needed into how the effects of the quality of working life on staff absence are assessed.

- How are appraisals of well-being made and negotiated through interaction in the workplace?
- How are they influenced by 'social networks' – or shared beliefs held by groups of workers?
- What roles do managers play in shaping them, for good or bad?

Available research suggests that specific interventions may only be right for certain workplaces, jobs and health problems, and at particular points in a worker's life. Some may even inadvertently *increase* absence.

- Where are interventions likely to be effective – with the individual, the work group, the organisation, or across companies and employment sectors?
- Does the drive to cut absence produce 'presenteeism' – encouraging workers to attend with health problems which seriously reduce their performance, or infect others?
- Is there evidence to support claims that activities such as 'stress audits' and 'stress management' may encourage workers to 'medicalise' their problems, and increase absence?

If we are to find satisfactory answers, evaluation of interventions must be separated from provision.



What about older and debilitated workers?

Dr Andy Weyman

There is overwhelming evidence that older workers and those with debilitating health conditions, are disproportionately excluded from work, and over-represented in low skilled, less secure, and low-paid jobs. Most commentators blame employer prejudice; government (un)employment policy during the 1980s/90s; 'structured dependency' from the benefits systems and a focus on disability rather than ability.

For older workers, managerial practices are widely given as the greatest barrier to employment. Top among these are notions about trainability, return on investment, creativity, cautiousness, physical capabilities, likelihood of accidents, and ability to interact with younger workers. That said, studies find less concerns about ability to adapt to new technology, reliability, flexibility and productivity.

We have seen Government, employers' associations and advocacy groups all stressing the economic benefits of employing older workers and those with ongoing health conditions. The policy perspective is of self-regulation and corporate social responsibility, with much faith placed in education initiatives. Some, though, describe this faith as 'unrealistic'.

Core 'educational themes' from Government and industry associations focus on the economic case for:

- extending working life;
- a managed approach to maintaining well-being and rehabilitation; and
- debunking of cultural stereotypes – principally about costs from higher absence rates and lower productivity.

But there is little rigorous research into the impact on employers. And the focus among employers' associations, and some state departments and agencies, is very much on employment and retention, rather than quality of working life itself. When mentioned, enhanced quality of working life tends to be cast as a fringe benefit.

Until now, older workers and people with disabilities have been regarded as homogeneous groups. Clearly, this is not so, in terms of ability to work, employment life-chances, or how employers see them. When it comes to extending working life, there are foreseeable differences by sector and employment status.

The limited research available indicates that for professionals, senior managers, skilled employees and those in the public sector, extending working life may well be a seamless continuation. Those in other 60/65yrs+ groups will have to find alternative employment.

But for many of those returning to work after a long absence, the evidence suggests that opportunities will be mainly in low skill, low paid and less secure jobs. Potentially, this will include those who were in middle management, white collar and skilled work. It will mean significant under-employment and waste of experience and ability.

They are also likely to have less favourable pension arrangements, and so less flexibility with working arrangements and timing of eventual retirement. It has been observed that, for some, there is a risk that this period of their working lives will involve acute poverty and psychological distress, and widening social difference in old age.

Using sources such as LFS, HSE's Survey of Workplace Sickness Absence and (ill) Health and Census data, we should be able to map employees by age for each sector. However, data for those over 60/65yrs is likely to be limited. It is also likely that new data will be needed to track, for example, over 50s who switch to alternative occupations – common among construction and health care workers.

The current situation

Flexible working is said to help employers retain staff, attract older employees and aid rehabilitation. Yet figures from the Chartered Institute of Personnel and Development, just a few years back, show only around a third offering this option.

Improved work-life balance is claimed to reduce job-stress and absenteeism, and enhance productivity, staff retention and successful recruitment. Available evidence suggests that preferences vary by age, career stage and other commitments.

Workplace health promotion initiatives are fairly widespread, with advantages claimed including less sickness absence and greater commitment. But, as discussed elsewhere in this booklet, there is no strong, independent evidence to make a business case for employers.

Of the Black Review recommendations, health promotion interventions appear to be the most widely adopted, but the least likely to have significant impact on rates of sickness-absence or long-term health. Black calls for employers to actively manage health and rehabilitation, focusing on ability rather than disability.

Despite claims to the contrary, it is known that older employees have higher rates of absence. It is equally likely that those with ongoing health conditions will do so.

An employer-led approach to maintaining employee health and managed early return after absence brings benefits to workers in minimising loss of earnings, distress and associated hardship. Benefits to employers are around minimising lost capacity/productivity, lost investment in employees, erosion of skill base/corporate memory, staff-substitution costs and sick pay.

There is also an impression that few employers manage to separate their perspective on ill-health management from their wish to cut non-legitimate absence.

Arguably, the most significant and potentially influential recommendation of Black was that employers should supplement the traditional treatment-based approach to occupational health, where present, with prevention and control. This is in line with the broader public health agenda and the established approach to workplace safety.

Plugging the gaps

To progress in this important area of public policy, we need research:

- which develops a more sophisticated understanding of employers' motives for investing in the quality of working life.
- into the scope for developing a risk management approach, with use of pilot organisations to exemplify good practice.
- which establishes current patterns of employment for target groups and employee ratings of quality of working life, referenced to employer practices.
- that explores and quantifies the broader socio-economic benefits of enhanced quality of working life – and the implications of failing to do so.



Diversity and well-being

Dr Getinet Haile

There is growing evidence of the benefits for well-being from *flexible working time arrangements*, *work-life balance* and *equality*. These are thought particularly important given recent changes in the UK labour force.

- Compared with other European countries, Britain has large numbers of people who are disabled or have long-term illnesses. And proportionately fewer are employed;
- It is expected that, by 2020, a third of our population will be over 50; and
- Women's participation in the labour force has increased substantially, and the proportion with pre-school children is growing.

Along with the usual claimed benefits for motivation, performance, absenteeism, turnover; and so on, there is evidence of other advantages linked to improved working life. For instance, recent research shows that persistent and substantial ability gaps emerge between children from differing backgrounds long before school.

Flexible time arrangements and work-life balance are likely to lead to improved care for children at home and a better future for society in general.

The World Health Organisation sees workplaces as ideal for promoting the well-being of large numbers of people. To be successful, however, interventions must be supported with a strong evidence base.

One issue of concern to researchers is whether, and if so how, diverse groups of workers see and experience well-being. Existing research suggests some adverse effects – particularly for socially-disadvantaged groups such as older workers, people with disabilities and ethnic minorities. But researchers have pointed out that evidence on diversity and satisfaction is drawn from a few studies using old, non-representative, and/or poorly controlled data.

There is enough evidence to suggest that people with long-term illness are more likely to experience negative treatment at work, and this is likely to reduce their well-being. What is equally worth knowing is whether the presence of socially-disadvantaged groups reduces the well-being of their co-workers, as some findings suggest. There may be several reasons for this, including the perceptions and cultures of such people. However, if we are to improve employee well-being, we must understand workgroup diversity and its impact.

What needs to be done?

First, we need multi-disciplinary research using a variety of methods, into the forces at play – or dynamics – of workgroups.

Second, we should gather information on individuals over a prolonged period. Though difficult in a workplace, this would allow a rigorous examination of the effect of group dynamics on well-being.

Third, current evidence is based mostly on wholly qualitative or quantitative research. We may gain new insights from a combined/mixed-method approach.

Fourth, there is a need for a comprehensive study of socially-disadvantaged employees, and how their own, and co-workers', well-being is affected.

Fifth, finding out whether it is employers, employees, customers or other aspects of the working life which will have most influence on well-being or the benefits coming from it, might also be something for future research.

Sixth, any way of establishing cause and effect including, where possible, random assignment-based research, could help in consolidating what we know already.

The great variety of approach among firms and their HR practices could make this a challenge. But it may be possible to focus on small establishments with a single HR unit.

An issue of practical importance is to view improvement in the quality of employees' working lives with their – or the business's – survival and competitiveness. The two should normally reinforce each other, if implemented correctly. However, it may be that small businesses cannot afford to provide some of these things. In such cases, it is vital that higher authorities step in to find a workable solution.



To sum up

The evidence base for policy on well-being and working life needs enhancing. Most important is the need for data – particularly information collected over a prolonged period. This is especially so when it comes to making the business case to justify high levels of expenditure by employers. Though PwC advise that the case for initiatives is well-founded, there is a feeling that the methods used in existing research are far from ideal.

It is difficult to establish relationships between treatment and response for so many causes of work-related ill health. This is partly because of the sheer complexity, but also because there are no sound statistics about key health conditions such as stress. For most conditions, there are not enough chronic cases in any one organisation to establish how effective interventions may have been.

Lack of a consistent and robust set of estimates of the costs of ill health is also a concern. HSE has taken this directly on board. It is commissioning a project to produce estimates of the costs associated with an individual workplace injury or new case of ill health for 2006/07, along with the total 'cost to Britain' of all such cases that year. This will include assessing current methodology, and producing a computer spreadsheet which can be updated annually.

HSE will also look at whether a different approach can be taken to valuing ill health – for instance, providing a break-down of 'the average case'. Concern about some interpretations put on what information is available, suggests that we need both longitudinal research, collecting data over a prolonged period, and qualitative research, involving interviews and focus groups.

This is at most, the end of the beginning of this exercise.





Related research

Interdisciplinary research group

Subjective well-being – happiness or satisfaction with life as reported by individuals – is a complex topic which crosses the responsibilities of many government departments and authorities, and requires research across a range of social sciences tied in with important developments in natural and medical science and the arts and humanities.

ESRC, the Medical Research Council, the Department of Health, DWP, the Department for Children Schools and Families, and the Department for Communities and Local Government are to fund a major new interdisciplinary body precisely to address these issues.

To be known as the *Subjective Well-being and Public Policy Research Group*, its work will include strengthening research and measurement methods in this area, and how they feed into policy and services.

ESRC is taking the lead in commissioning and management of the group, which is intended as a focal point for researchers and policymakers, working closely at all stages with the funding Government departments and other policymakers, members of the public, families and communities.

Subjective Well-Being and Public Policy

www.esrcsocietytoday.ac.uk

Helping organisations manage well-being

A major two-and-a-half year investigation into which factors can affect work-related health and well-being has been launched at Nottingham Trent University. It is hoped the groundbreaking project – led by Dr Maria Karinika-Murray, and 80 per cent funded by ESRC – will have a crucial impact on what we know about work-related health, and how organisations can successfully manage it.

The *Work and Well-Being in Context* project also includes experts from the Health and Safety Laboratory, the Universities of Sheffield and Loughborough, and from Tilburg University in the Netherlands.

Researchers will examine more than 40 small, medium and large-scale enterprises to find out how the work environment, the nature of organisations, their cultures, and work systems can affect people's working lives and well-being.

In a novel approach, the project will look simultaneously, and at various points in time, at the effects of both individual and organisational factors.

Understanding the aetiology of work-related health and well-being: Linking individual and organisational factors.

wellbeingincontext.wordpress.com/about

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British Household Panel Survey

www.iser.essex.ac.uk/survey/bhps

English Longitudinal Study of Ageing

www.ifs.org.uk/elsa

Health Survey for England

www.dh.gov.uk/en/Publicationsandstatistics/PublishedSurvey/HealthSurveyForEngland/index.htm

Health Work and Wellbeing

workingforhealth.gov.uk

HSE link on Stress-related and Psychological disorders

www.hse.gov.uk/statistics/causdis/stress/index.htm

Labour Force Survey

www.statistics.gov.uk/StatBase/Source.asp?vlnk=358&More=Y

Workplace Employment Relations Survey

www.berr.gov.uk/whatwedo/employment/research-evaluation/wers-2004

Further Information

This booklet is based on presentations made at a public policy seminar entitled Employee Well-Being and Working Life: Towards an Evidence-Based Policy Agenda, held at the Health and Safety Executive in London on February 5, 2009.

More detailed summaries of the papers presented at this event, including full academic references, are available in a report *Employee Well-Being and Working Life: Towards an Evidence-Based Policy Agenda*, edited by Professor Keith Whitfield. It can be found on the ESRC Today website at http://www.esrcsocietytoday.ac.uk/ESRCInfoCentre/images/wellbeing21_tcm6-34817.pdf

Also available are outputs from two previous seminars, jointly sponsored by ESRC and the HSE, with the Departments of Health and Work and Pensions – *Health and Well-being of Working Age People – The Employee's Perspective*, and *Health and Well-being of Working Age People – Employers' Perspective*. http://www.esrcsocietytoday.ac.uk/ESRCInfoCentre/images/8974_h_and_s_final_tcm6-16385.pdf

HSE's mission is to prevent death, injury and ill health in Great Britain's workplaces. It does so through research, information and advice, promoting training, new or revised regulations and codes of practice and, working with local authority partners, by inspection, investigation and enforcement.

www.hse.gov.uk





The Economic and Social Research Council (ESRC) is the UK's largest organisation for funding research on economic and social issues. It supports independent, high quality research which has an impact on business, the public sector and the third sector. The ESRC's planned total expenditure in 2009/10 is £204 million. At any one time the ESRC supports more than 4,000 researchers and postgraduate students in academic institutions and independent research institutes.

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